

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 2000

Docket No. R2000-1

RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 16
(July 27, 2000)

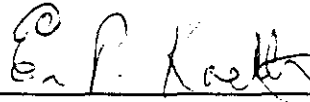
The United States Postal Service hereby provides the response of witness Mayes to Presiding Officer's Information Request No. 16, dated July 14, 2000. The question is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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July 27, 2000

**RESPONSE OF POSTAL SERVICE WITNESS MAYES
TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 16**

Q. "To ensure that the record contains consistent information allowing all parties to make a meaningful evaluation of cost coverages, the Service is requested to provide revenue estimates by subclass and service that reflect FY 1999 billing determinants in the manner it deems appropriate. These data should be provided ... together with any analysis of cost coverages utilizing cost projections based on actual FY 1999 cost data."

RESPONSE:

The attached pages show the requested information. The cost figures are those presented by witnesses Patelunas and Kay in USPS-ST-44 and 45. The revenue figures have been developed by the rate design witnesses using the hybrid billing determinants (FY99Q3-FY00Q2) presented in USPS-LR-435, as documented in USPS-LR-436. Also reflected as "Other Income" are the revenue adjustments described by witness Patelunas at page 8 of USPS-ST-44, which have no impact on the projected revenues (or cost coverages) of any of the subclasses or services.

**Summary of Estimated Test Year Before Rates Finances
Revenue and Volume Variable Cost
(Dollars in Thousands)**

<u>Description</u>	<u>Volume Variable Cost (1)</u>	<u>Revenue (2)</u>	<u>Revenue as Percent of Cost (Col. 2/Col. 1) (3)</u>	<u>Revenue Minus Vol. Var. Cost (Col. 2 - Col. 1) (4)</u>
First-Class Mail				
Single-Piece Letters and Sealed Parcels	13,586,081	22,236,977	163.7%	8,650,896
Presort and Automation Letters	5,115,088	12,788,270	250.0%	7,673,182
Total Letters	18,701,169	35,025,247	187.3%	16,324,078
Single-Piece Cards	556,627	592,337	106.4%	35,710
Presort and Automation Cards	177,569	436,990	246.1%	259,421
Total Cards	734,196	1,029,327	140.2%	295,131
Total First-Class Mail	19,435,365	36,054,574	185.5%	16,619,209
Priority Mail	3,390,168	5,345,639	157.7%	1,955,471
Express Mail	462,139	1,005,884	217.7%	543,745
Mailgrams	850	1,136	133.6%	286
Periodicals				
Within County	87,046	76,728	88.1%	(10,318)
Outside County				
Nonprofit	364,374	313,809	86.1%	(50,565)
Classroom	14,538	13,199	90.8%	(1,339)
Regular-Rate	1,992,410	1,784,849	89.6%	(207,561)
Total Periodicals	2,458,368	2,188,585	89.0%	(269,783)
Standard Mail (A)				
Regular	6,784,313	8,706,739	128.3%	1,922,426
Enhanced Carrier Route	2,685,551	5,043,421	187.8%	2,357,870
Total Commercial	9,469,864	13,750,160	145.2%	4,280,296
Nonprofit	1,363,813	1,457,426	106.9%	93,613
Enhanced Carrier Route	202,982	230,257	113.4%	27,275
Total Nonprofit	1,566,795	1,687,683	107.7%	120,888
Total Standard Mail (A)	11,036,659	15,437,843	139.9%	4,401,184
Standard Mail (B)				
Parcel Post	1,097,363	1,109,627	101.1%	12,264
Bound Printed Matter	512,221	486,862	95.0%	(25,359)
Special Rate	361,266	321,866	89.1%	(39,400)
Library Rate	54,852	48,513	88.4%	(6,339)
Total Standard Mail (B)	2,025,702	1,966,868	97.1%	(58,834)
Free-for-the-Blind	31,724	0	0.0%	(31,724)
Total Domestic Mail	38,840,975	62,000,529	159.6%	23,159,554
International Mail	1,619,092	1,772,350	109.5%	153,258
Total All Mail	40,460,067	63,772,879	157.6%	23,312,812
Special Services				
Registry	104,550	82,455	78.9%	(22,095)
Certified Mail	492,029	414,039	84.1%	(77,990)
Insurance	80,900	87,563	108.2%	6,663
COD	16,708	18,379	110.0%	1,671
Money Orders *	170,767	291,038	170.4%	120,271
Stamped Cards	3,046	4,458	146.4%	1,412
Stamped Envelopes	11,061	12,515	113.1%	1,454
Box/Caller Service	593,497	746,951	125.9%	153,454
Other	122,876	395,396		272,520
Total Special Services	1,595,434	2,052,794	128.7%	457,360
Total Mail & Services	42,055,501	65,825,673	156.5%	23,770,172
Other Costs	28,010,934			
Other Income		687,847		
Prior Years Loss Recovery	311,709			
Continuing Appropriations		67,093		
Investment Income *		(21,959)		
Grand Total	70,378,144	66,558,654	94.6%	(3,819,490)

* Money order revenues include interest of 49,159

Source: Costs from USPS-ST-44; Revenues from LR-I-436.

Summary of Revenues
Test Year Before Rates (2001)
(thousands)

Mail Service	Mail Volume	Postage	Fees	Postage & Fees (Col 2 + Col 3)	Revenue Per Piece (Col 4/Col 1)
	(1)	(2)	(3)	(4)	(5)
First-Class Mail					
Letters - Single	53,213,828	22,085,503	151,474	22,236,977	0.417880
Automated and Carrier Route Letters	44,117,377	11,746,075	0	11,746,075	0.266246
Non-Automated Presort Letters	2,930,521	1,018,996	0	1,018,996	0.347718
Total Worksharing	47,047,898	12,765,071	23,199	12,788,270	0.271814
Total Letters	100,261,726	34,850,574	174,673	35,025,247	0.349338
Stamped Cards	445,823	89,424	204	89,629	0.201041
Post Cards - Single	2,405,027	495,863	6,846	502,709	0.209024
Automated and Carrier Route Post Cards	2,333,598	363,555	0	363,555	0.155792
Non-Automated Presort Cards	400,483	72,089	0	72,089	0.180005
Total Worksharing Cards	2,734,081	435,644	1,346	436,990	0.159831
Total Cards	5,584,931	1,020,931	8,396	1,029,327	0.184304
Business Reply Fees	0	132,821	(132,821)	0	
Domestic Mail Fees	0	50,248	(50,248)	0	
Total First Class	105,846,657	36,054,574	0	36,054,574	0.340630
Priority Mail					
Priority Mail	1,358,715	5,344,935	703	5,345,639	3.940135
Domestic Mail Fees	0	814	(814)	0	
Total Priority	1,358,715	5,345,749	(111)	5,345,639	3.940135
Express Mail	71,641	1,005,884	0	1,005,884	14.040611
Mailgrams	3,340	1,136	0	1,136	0.340000
Periodicals					
In-County	872,194	74,990	1,738	76,728	0.087971
Outside County					
Nonprofit	1,954,453	309,914	3,895	313,809	0.160561
Classroom	56,153	13,087	112	13,199	0.235057
Regular-Rate	7,545,945	1,769,811	15,038	1,784,849	0.236531
Domestic Mail Fees	0	20,783	(20,783)	0	
Total Periodicals	10,428,745	2,188,585	0	2,188,585	0.209861
Standard Mail A					
Commercial					
Regular	42,783,773	8,686,185	20,554	8,706,739	0.203506
Enhanced Carrier Route	33,630,517	5,027,265	16,156	5,043,421	0.149966
Total Commercial	76,414,291	13,713,450	36,710	13,750,160	0.179942
Nonprofit					
Nonprofit	11,510,795	1,416,753	40,673	1,457,426	0.126614
Enhanced Carrier Route	2,907,206	219,985	10,272	230,257	0.079202
Total Nonprofit	14,418,001	1,636,738	50,945	1,687,683	0.117054
Bulk Mailing Fees	0	61,179	(61,179)	0	
Domestic Mail Fees	0	27,089	(27,089)	0	
Total Standard Mail A	90,832,291	15,438,456	(613)	15,437,843	0.169960
Standard Mail B					
Parcel Post	378,447	1,109,173	455	1,109,627	2.932058
Bound Printed Matter	541,976	486,194	568	486,662	0.896309
Special Rate	208,687	321,545	321	321,866	1.542336
Library Rate	28,009	48,459	54	48,513	1.672349
Domestic Mail Fees	0	1,432	(1,432)	0	
Special Handling	0	55	(55)	0	
PAL Fees	0	11	(11)	0	
Total Standard Mail B	1,158,118	1,966,868	0	1,966,868	1.698330
Total USPS Penalty Mail	348,543	0	0	0	
Free-for-the-Blind	56,675	0	0	0	
Total Domestic Mail	210,102,726	62,001,253	(724)	62,000,529	0.295096
International					
Postage	1,066,939	1,509,417	10,140	1,519,557	1.424222
Terminal & Transit	0	252,793	0	252,793	
Fees, etc.	0	10,140	(10,140)	0	
Total	1,066,939	1,772,350	0	1,772,350	1.661155
Total All Mail	211,169,664	63,773,603	(724)	63,772,880	0.301998
Special Services					
Registry	11,563	82,455	0	82,455	7.130642
Certified Mail	295,742	414,039	0	414,039	1.400002
Insurance	45,610	87,583	0	87,583	1.919824
COD	3,576	18,379	0	18,379	5.139554
Money Orders *	234,993	291,038	0	291,038	1.238498
Stamped Cards	445,823	4,458	0	4,458	0.009999
Stamped Envelopes	400,000	12,515	0	12,515	0.031288
Box/Carrier Service	18,246	746,951	0	746,951	40.937006
Subtotal	1,455,553	1,857,398	0	1,857,398	1.138672
Other	N/A	395,396	0	395,396	N/A
Total	1,455,553	2,052,794	0	2,052,794	1.410318
Total Mail & Services	211,169,664	65,826,397	(724)	65,825,673	0.311719
Other Income	0	687,847		687,847	
Revenue Forgone	0	67,093		67,093	
Investment Income *	0	(21,959)		(21,959)	
Total, all items	211,169,664	66,559,378	(724)	66,558,654	0.315190

* Money order revenues include 49,159 in interest.

Source: Express Mail volume from USPS-T-8; Priority Mail volume from USPS-T-34; all other volumes from USPS-T-6. Revenues from LR-I-436.

**Summary Distribution of Domestic Mail Fees to Subclass
Test Year Before Rates
(Thousands of Dollars)**

<u>First Class</u>	<u>Letters and Sealed Parcels</u>		<u>Cards</u>			<u>Total</u>
	<u>Single Piece</u>	<u>Worksharing</u>	<u>Stamped</u>	<u>Single Piece</u>	<u>Private</u> <u>Worksharing</u>	
Pieces (millions)	53,214	47,048	446	2,405	2,734	105,847
Percent of Pieces	50.27%	44.45%	0.42%	2.27%	2.58%	100.00%
Address Correction	20,441	18,072	171	924	1,050	40,858
Business Reply	127,078	—	—	5,743	—	132,821
Certificate of Mailing	3,956	167	33	179	10	4,344
Presort Permit Fee	—	4,917	—	—	286	5,203
Merch. Return Permit Fee	0	43	0	0	0	43
Total	151,474	23,199	204	6,846	1,346	183,069

Priority Mail

	<u>Total</u>
Address Correction	91
Business Reply	602
Certificate of Mailing	84
Merch. Return Permit Fee	36
Total	814

<u>Periodicals</u>	<u>Within</u> <u>County</u>	<u>Nonprofit</u>	<u>Classroom</u>	<u>Regular</u> <u>Rate</u>	<u>Total</u>
Pieces (millions)	872	1,954	56	7,546	10,429
Percent of Pieces	8.36%	18.74%	0.54%	72.36%	100.00%
Address Correction	1,686	3,778	109	14,588	20,162
Application Fees	52	116	3	450	621
Total	1,738	3,895	112	15,038	20,783

Standard Mail A

	<u>Regular</u>	<u>Nonprofit</u>	<u>Total</u>
Pieces (millions)	76,414	14,418	90,832
Percent of Pieces	84.13%	15.87%	100.00%
Address Correction	27,455	5,180	32,636
Bulk Permit Fee	9,240	45,762	55,003
Certificate of Mailing	4	1	5
Bulk Parcel Return Service Permits	10	2	12
Total	36,710	50,945	87,655

Standard Mail B

	<u>Parcel</u> <u>Post</u>	<u>Bound</u> <u>Printed</u> <u>Matter</u>	<u>Special</u> <u>Rate</u>	<u>Library</u> <u>Rate</u>	<u>Total</u>
Pieces (millions)	378	542	209	29	1,158
Percent of Pieces	32.68%	46.80%	18.02%	2.50%	100.00%
Address Correction	274	602	117	48	1,040
Certificate of Mailing	18	25	10	1	54
Std. B Special Presort Permits	—	—	171	—	171
Special Handling	44	0	8	3	55
Parcel Airlift	11	—	—	—	11
Dest. Entry Std. B Permits	79	—	—	—	79
Merch. Return Permit Fee	28	41	16	2	87
Total	455	668	321	54	1,498

International

	<u>Total</u>
Certificate of Mailing	19
Special Handling	0
Other	0
Total	19

TOTAL FEES 293,838

Source: Express Mail and Priority Mail volumes from USPS-T-8; all other volumes from USPS-T-6. Revenues from LR-I-436.

**Summary of Estimated Test Year After Rates Finances
Revenue and Volume Variable Cost
(Dollars in Thousands)**

<u>Description</u>	<u>Volume Variable Cost (1)</u>	<u>Revenue (2)</u>	<u>Revenue as Percent of Cost (Col. 2/Col. 1) (3)</u>	<u>Revenue Minus Vol. Var. Cost (Col. 2 - Col. 1) (4)</u>
First-Class Mail				
Single-Piece Letters and Sealed Parcels	13,565,268	22,841,864	168.4%	9,276,596
Presort and Automation Letters	5,081,634	13,250,227	260.7%	8,168,593
Total Letters	18,646,902	36,092,091	193.6%	17,445,189
Single-Piece Cards	543,567	603,623	111.0%	60,056
Presort and Automation Cards	173,866	448,789	258.1%	274,923
Total Cards	717,433	1,052,412	146.7%	334,979
Total First-Class Mail	19,364,335	37,144,502	191.8%	17,780,167
Priority Mail	3,194,542	5,656,260	177.1%	2,461,718
Express Mail	467,914	1,016,142	217.2%	548,228
Mailgrams	854	1,136	133.0%	282
Periodicals				
Within County	86,222	82,297	95.4%	(3,925)
Outside County	2,345,698	2,365,325	100.8%	19,627
Total Periodicals	2,431,920	2,447,622	100.6%	15,702
Standard Mail (A)				
Regular	6,512,735	9,126,996	140.1%	2,614,261
Enhanced Carrier Route	2,629,439	5,184,832	196.4%	2,555,393
Total Commercial	9,142,174	14,291,827	156.3%	5,149,653
Nonprofit	1,363,390	1,544,246	113.3%	180,856
Enhanced Carrier Route	199,829	262,328	131.3%	62,499
Total Nonprofit	1,563,219	1,806,574	115.6%	243,355
Total Standard Mail (A)	10,705,393	16,098,401	150.4%	5,393,008
Standard Mail (B)				
Parcel Post	1,077,003	1,126,746	104.6%	49,743
Bound Printed Matter	498,658	554,060	111.1%	55,402
Special Rate	357,987	333,099	93.0%	(24,888)
Library Rate	54,015	49,661	91.9%	(4,354)
Total Standard Mail (B)	1,987,663	2,063,566	103.8%	75,903
Free-for-the-Blind	31,833	0	0.0%	(31,833)
Total Domestic Mail	38,184,454	64,427,630	168.7%	26,243,176
International Mail	1,570,744	1,778,913	113.3%	208,169
Total All Mail	39,755,198	66,206,543	166.5%	26,451,345
Special Services				
Registry	100,215	96,301	96.1%	(3,914)
Certified Mail	460,071	577,361	125.5%	117,290
Insurance	79,549	104,522	131.4%	24,973
COD	16,629	19,981	120.2%	3,352
Money Orders *	165,714	305,035	184.1%	139,321
Stamped Cards	3,048	8,317	272.9%	5,269
Stamped Envelopes	11,077	16,041	144.8%	4,964
Box/Caller Service	586,317	805,860	137.4%	219,543
Other	123,487	414,141	335.4%	290,654
Total Special Services	1,546,107	2,347,559	151.8%	801,452
Total Mail & Services	41,301,305	68,554,103	166.0%	27,252,798
Other Costs	28,031,846			
Other Income		687,847		
Prior Years Loss Recovery	311,709			
Continuing Appropriations		67,093		
Investment Income *		(20,168)		
Grand Total	69,644,860	69,288,875	99.5%	(355,985)

* Money order revenues include interest of 47,368

Source: Costs from USPS-ST-44; Revenues from LR-436.

Summary of Revenues
Test Year After Rates (2001)
(thousands)

Mail Service	Mail Volume	Postage	Fees	Postage & Fees (Col 2 + Col 3)	Revenue Per Piece (Col 4/Col 1)
	(1)	(2)	(3)	(4)	(5)
First-Class Mail					
Letters - Single	52,877,658	22,674,792	167,072	22,841,864	0.431978
Automated and Carrier Route Letters	44,393,448	12,284,353	0	12,284,353	0.276715
Non-Automated Presort Letters	2,566,288	943,354	0	943,354	0.364752
Total Worksharing	48,979,736	13,227,707	22,520	13,250,227	0.282041
Total Letters	99,857,394	35,902,499	189,592	36,092,091	0.361436
Stamped Cards	415,873	87,587	195	87,782	0.211079
Post Cards - Single	2,354,910	506,400	7,441	515,841	0.219049
Automated and Carrier Route Post Cards	2,286,453	374,603	0	374,603	0.163838
Non-Automated Presort Cards	363,715	72,908	0	72,908	0.190005
Total Worksharing Cards	2,670,168	447,511	1,278	448,789	0.188075
Total Cards	5,440,951	1,043,498	8,914	1,052,412	0.193424
Business Reply Fees	0	148,580	(148,580)	0	
Domestic Mail Fees	0	49,925	(49,925)	0	
Total First Class	105,298,345	37,144,502	0	37,144,502	0.352755
Priority Mail					
Priority Mail	1,249,750	5,655,465	795	5,656,260	4.525912
Domestic Mail Fees	0	795	(795)	0	
Total Priority	1,249,750	5,656,260	0	5,656,260	4.525912
Express Mail	72,301	1,016,142	0	1,016,142	14.054345
Mailgrams	3,340	1,136	0	1,136	0.340000
Periodicals					
In-County	862,061	80,488	1,809	82,297	0.095486
Outside County					
Nonprofit	2,052,208	361,507	4,307	365,814	0.178254
Classroom	55,089	14,577	116	14,692	0.266702
Regular-Rate	7,351,808	1,969,390	15,429	1,984,819	0.269877
Domestic Mail Fees	0	21,661	(21,661)	0	
Total Periodicals	10,321,166	2,447,622	0	2,447,622	0.237146
Standard Mail A					
Commercial					
Regular	40,998,656	9,106,517	20,478	9,126,996	0.222617
Enhanced Carrier Route	32,828,211	5,148,434	16,398	5,164,832	0.157329
Total Commercial	73,826,867	14,254,951	36,876	14,291,827	0.193586
Nonprofit					
Nonprofit	11,425,579	1,492,358	51,888	1,544,246	0.135157
Enhanced Carrier Route	2,851,875	249,376	12,952	262,328	0.091984
Total Nonprofit	14,277,455	1,741,734	64,840	1,806,574	0.128533
Bulk Mailing Fees	0	75,359	(75,359)	0	
Domestic Mail Fees	0	26,357	(26,357)	0	
Total Standard Mail A	88,104,322	16,098,401	0	16,098,401	0.182720
Standard Mail B					
Parcel Post	374,086	1,126,205	541	1,126,746	3.011914
Bound Printed Matter	524,743	553,362	698	554,060	1.055869
Special Rate	205,789	332,762	338	333,099	1.618648
Library Rate	28,432	49,598	62	49,661	1.746667
Domestic Mail Fees	0	1,412	(1,412)	0	
Special Handling	0	227	(227)	0	
PAL Fees	0	0	0	0	
Total Standard Mail B	1,133,060	2,063,566	(0)	2,063,566	1.821234
Total USPS Penalty Mail	348,543	0	0	0	
Free-for-the-Blind	56,675	0	0	0	
Total Domestic Mail	206,587,501	64,427,630	(0)	64,427,630	0.311866
International					
Postage	1,031,627	1,516,019	10,102	1,526,121	1.479334
Terminal & Transit	0	252,793	0	252,793	
Fees, etc.	0	10,102	(10,102)	0	
Total	1,031,627	1,778,913	0	1,778,913	1.724376
Total All Mail	207,619,128	66,206,543	(0)	66,206,543	0.318885
Special Services					
Registry	11,174	96,301	0	96,301	8.618566
Certified Mail	274,934	577,361	0	577,361	2.100002
Insurance	44,680	104,522	0	104,522	2.339365
COD	3,544	19,981	0	19,981	5.638303
Money Orders *	226,435	305,036	0	305,036	1.347118
Stamped Cards	415,873	8,317	0	8,317	0.019999
Stamped Envelopes	400,000	16,041	0	16,041	0.040104
Box/Carrier Service	17,958	805,860	0	805,860	44.875272
Subtotal	1,394,597	1,933,418	0	1,933,418	1.386363
Other	N/A	414,141	0	414,141	N/A
Total	1,394,597	2,347,559	0	2,347,559	1.683325
Total Mail & Services	207,619,128	68,554,103	(0)	68,554,103	0.330192
Other Income	0	383,847		383,847	
Revenue Forgone	0	67,093		67,093	
Investment Income *	0	(20,168)		(20,168)	
Total, all items	207,619,128	68,984,875	(0)	68,984,875	0.332266

* Money order revenues include 47,368 in interest.

Source: Express Mail volume from USPS-T-8; Priority Mail volume from USPS-T-34; all other volumes from USPS-T-6. Revenues from LR-1436.

Summary Distribution of Domestic Mail Fees to Subclass
Test Year After Rates
(Thousands of Dollars)

	<u>Letters and Sealed Parcels</u>		<u>Cards</u>			<u>Total</u>
	<u>Single Piece</u>	<u>Worksharing</u>	<u>Stamped</u>	<u>Single Piece</u>	<u>Private</u> <u>Worksharing</u>	
<u>First Class</u>						
Pieces (millions)	52,878	46,980	416	2,355	2,670	105,298
Percent of Pieces	50.22%	44.62%	0.39%	2.24%	2.54%	100.00%
Address Correction	23,854	21,193	188	1,062	1,205	47,502
Business Reply	154,575	---	---	6,884	---	161,459
Certificate of Mailing	4,396	177	35	196	10	4,813
Presort Permit Fee	---	6,116	---	---	348	6,463
Merch. Return Permit Fee	0	54	0	0	0	54
<u>Total</u>	<u>182,824</u>	<u>27,540</u>	<u>222</u>	<u>8,142</u>	<u>1,562</u>	<u>220,291</u>
<u>Priority Mail</u>						<u>Total</u>
Address Correction						101
Business Reply						670
Certificate of Mailing						96
Merch. Return Permit Fee						42
<u>Total</u>						<u>909</u>
<u>Periodicals</u>			<u>Within</u> <u>County</u>	<u>Outside</u> <u>County</u>		<u>Total</u>
Pieces (millions)			862	9,459		10,321
Percent of Pieces			8.35%	91.65%		100.00%
Address Correction			1,786	19,601		21,387
Application Fees			58	640		699
<u>Total</u>			<u>1,845</u>	<u>20,241</u>		<u>22,086</u>
<u>Standard Mail A</u>			<u>Regular</u>	<u>Nonprofit</u>		<u>Total</u>
Pieces (millions)			73,827	14,277		88,104
Percent of Pieces			83.79%	16.21%		100.00%
Address Correction			26,568	5,138		31,706
Bulk Permit Fee			11,159	56,645		67,805
Certificate of Mailing			5	1		6
Bulk Parcel Return Service Permits			12	2		14
<u>Total</u>			<u>37,744</u>	<u>61,787</u>		<u>99,531</u>
<u>Standard Mail B</u>		<u>Parcel</u> <u>Post</u>	<u>Bound</u> <u>Printed</u> <u>Matter</u>	<u>Special</u> <u>Rate</u>	<u>Library</u> <u>Rate</u>	<u>Total</u>
Pieces (millions)		374	525	206	28	1,133
Percent of Pieces		33.02%	46.31%	18.16%	2.51%	100.00%
Address Correction		272	583	115	47	1,017
Certificate of Mailing		21	29	11	2	62
Std. B Special Presort Permits		---	---	211	---	211
Special Handling		44	0	8	3	55
Parcel Airlift		0	---	---	---	0
Dest. Entry Std. B Permits		41	57	---	---	98
Merch. Return Permit Fee		35	49	19	3	107
<u>Total</u>		<u>412</u>	<u>718</u>	<u>364</u>	<u>54</u>	<u>1,549</u>
<u>International</u>						<u>Total</u>
Certificate of Mailing						21
Special Handling						0
Other						0
<u>Total</u>						<u>21</u>
TOTAL FEES						344,388

Source: Express Mail and Priority Mail volumes from USPS-T-8; all other volumes from USPS-T-6. Revenues from LR-I-436.

**Summary of Estimated Test Year After Rates
Revenue and Incremental Cost
(Dollars in Thousands)**

<u>Description</u>	<u>Incremental Cost (1)</u>	<u>Revenue (2)</u>	<u>Revenue Minus Incremental Cost (Col. 2 - Col. 1) (3)</u>
First-Class Mail			
Single-Piece Letters and Sealed Parcels	14,289,800	22,841,864	8,552,064
Presort and Automation Letters	5,250,742	13,250,227	7,999,485
Total Letters	20,035,527	36,092,091	16,056,564
Single-Piece Cards	557,097	603,623	46,526
Presort and Automation Cards	175,806	448,789	272,983
Total Cards	733,759	1,052,412	318,653
Total First-Class Mail	20,993,518	37,144,502	16,150,984
Priority Mail	3,562,496	5,656,260	2,093,764
Express Mail	721,848	1,016,142	294,294
Mailgrams	839	1,136	297
Periodicals			
Within County	86,872	82,297	(4,575)
Outside County	2,372,566	2,365,325	(7,241)
Total Periodicals	2,462,292	2,447,622	(14,670)
Standard Mail (A)			
Regular	6,622,948	9,126,996	2,504,048
Enhanced Carrier Route	2,770,614	5,164,832	2,394,218
Total Commercial	9,608,383	14,291,827	4,683,444
Nonprofit	1,376,714	1,544,246	167,532
Enhanced Carrier Route	200,196	262,328	62,132
Total Nonprofit	1,578,088	1,806,574	228,486
Total Standard Mail (A)	11,313,615	16,098,401	4,784,786
Standard Mail (B)			
Parcel Post	1,087,053	1,126,746	39,693
Bound Printed Matter	502,165	554,060	51,895
Special Rate	358,785	333,099	(25,686)
Library Rate	54,035	49,661	(4,374)
Total Standard Mail (B)	2,020,841	2,063,566	42,725
International Mail	1,631,887	1,778,913	147,026
Special Services			
Registry	100,302	96,301	(4,001)
Certified Mail	527,061	577,361	50,300
Insurance	79,785	104,522	24,737
COD	16,654	19,981	3,327
Money Orders	231,950	305,035	73,085
Stamped Cards	3,047	8,317	5,270
Stamped Envelopes	11,075	16,041	4,966
Box/Caller Service	587,254	805,860	218,606

Source: Revenues from USPS-LR-1-436; Costs from USPS-ST-45.

DECLARATION

I, Virginia J. Mayes, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.


Virginia J. Mayes

Dated:

July 27, 2000

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.

A handwritten signature in black ink, appearing to read "E. P. Koetting", is written over a horizontal line.

Eric P. Koetting

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July 27, 2000